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Government
Publications



THE FARM INCOME STABILIZATION COMMISSION OF ONTARIO

FOURTH ANNUAL REPORT
Fiscal Year Ended March 31, 1981

ONTARIO
MINISTRY OF AGRICULTURE AND FOOD
LEGISLATIVE BUILDINGS, TORONTO

KENNETH LANTZ
DEPUTY MINISTER

HON. LORNE C. HENDERSON
MINISTER

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Toronto, Ontario

September 15, 1981

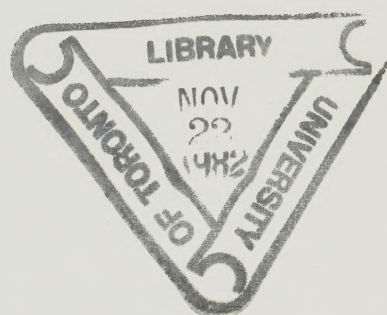
To The Honourable Lorne C. Henderson, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the Annual
Report of The Farm Income Stabilization Commission of
Ontario for the period April 1, 1980 to March 31, 1981
including the report of the Provincial Auditor.

Respectfully Submitted

H. Ediger, Chairman
*The Farm Income Stabilization
Commission of Ontario*



Fourth Annual Report
of
The Farm Income Stabilization Commission of Ontario
For Fiscal year Ended March 31, 1981

COMMISSION MEMBERS

HENRY EDIGER — Chairman

RAYMOND McDONALD — Member

GEORGE MCLAUGHLIN — Member

ALBIN KORMAS — Member
(Rep. Ontario Federation of Agriculture)

ELLARD POWERS — Member
(Rep. National Farmers Union)


BILL JONGEJAN — Member
(Rep. Christian Farmers Federation)

OFFICERS

H. EDIGER
General Manager

M. J. TAGGART
Assistant General Manager / Accounting

BARBARA HUNTER
Secretary



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FARM INCOME STABILIZATION COMMISSION

RESPONSIBILITIES

- administration of the Farm Income Stabilization Act
- administer plans of Farm Income Stabilization established by regulations
- provide for surveys and research relating to farm income stabilization to obtain statistics for Commission purposes.

PROGRESS

The duration of a contract for non-cyclical commodity plans is for a 3 year period. When a farmer enrolls, he pays sufficient money in advance into his fund in order to qualify for a maximum payout in the first year. In the event of a payout, he again forwards the amount required to allow the Commission to make a maximum payment. If the commodity does not fall below the stabilization price throughout the 3 year period, or some of the farmer's funds are not used, the Commission returns the excess funds plus accumulated interest to each participant.

Since hog prices are cyclical in nature, the Commission developed a plan allowing the fund to make maximum payments in periods of low prices and collect from participants through deductions from sales to the Hog Board in periods of high prices. This plan will extend for a 5 year period. Any surplus in the producer's fund at the end of the contract will be returned with accumulated interest.

Average market prices were so low at the time the plan was being developed a full payment of \$51.94 per sow resulted. This amounted to Ontario Government contributions of \$6,700,539.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

(Incorporated without share capital under
The Farm Income Stabilization Act, 1976)

Balance Sheet as at March 31, 1981

| <u>ASSETS</u> | | |
|--|------------------|------------------|
| | <u>1981</u> | <u>1980</u> |
| | \$ | \$ |
| Cash in banks | 3,802,925 | 4,283,435 |
| Accounts receivable (note 4) | <u>1,478,752</u> | <u>708</u> |
| | <u>5,281,677</u> | <u>4,284,143</u> |
| <u>LIABILITIES</u> | | |
| Accrued interest and accounts payable | <u>83,619</u> | <u>11,997</u> |
| Farmers' enrollment fees, including interest income (schedule 1) (note 3) | <u>3,559,041</u> | <u>2,140,657</u> |
| Government subsidies (schedule 2) (notes 3 and 4): | | |
| Balance of funds on hand re- | | |
| Ontario Corn Stabilization Plan, 1977 | 4,449 | 1,991,489 |
| Ontario White Bean Stabilization Plan, 1978-1980 | 36,794 | 140,000 |
| Ontario Weaner Pig Stabilization Plan, 1980-1985 | <u>173,971</u> | <u>—</u> |
| | 215,214 | <u>2,131,489</u> |
| Loan from the Treasurer of Ontario (note 5) | <u>1,423,803</u> | <u>—</u> |
| | <u>5,281,677</u> | <u>4,284,143</u> |

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of the Farm Income Stabilization Commission of Ontario as at March 31, 1981 and the statement of receipts and disbursements for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1981 and the results of its operations in accordance with the accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 14 of The Farm Income Stabilization Act, 1976, a report on the audit has been made to the Commission and to the Minister.

F. N. Scott, F.C.A.,
Provincial Auditor

Toronto, Ontario,
July 8, 1981.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Statement of Receipts and Disbursements
for the year ended March 31, 1981

| | 1981 | 1980 |
|--|-------------------|------------------|
| Receipts: | \$ | \$ |
| Ontario Corn Stabilization Plan, 1977: | | |
| Farmers' fees withheld from stabilization payments (note 3) | 9,282 | 1,893,736 |
| Interest income | 197,170 | 306,174 |
| | <u>206,452</u> | <u>2,199,910</u> |
| Ontario White Bean Stabilization Plan, 1978-1980: | | |
| Province of Ontario | — | 140,000 |
| Sundry deductions from farmers' share | 4,399 | — |
| | <u>4,399</u> | <u>140,000</u> |
| Ontario Weaner Pig Stabilization Plan, 1980-1985: | | |
| Province of Ontario | 4,700,000 | — |
| Loan from Province of Ontario | 1,423,803 | — |
| Interest on outstanding fees (note 4) | 4,647 | — |
| | <u>6,128,450</u> | <u>—</u> |
| Farmers' enrollment fees, including interest income (note 3) | 3,415,470 | 1,171,903 |
| Administrative expenses paid by Province (notes 1 and 2) | 169,031 | 137,851 |
| Miscellaneous revenue | 681 | 3,197 |
| | <u>9,924,483</u> | <u>3,652,861</u> |
| Disbursements: | | |
| Stabilization payments: | | |
| Ontario Corn Stabilization Plan, 1977 | 27,846 | 5,683,331 |
| Ontario White Bean Stabilization Plan, 1978-1980 | 154,809 | — |
| Ontario Weaner Pig Stabilization Plan, 1980-1985 | 10,050,806 | — |
| | <u>10,233,461</u> | <u>5,683,331</u> |
| Administrative expenses | 169,031 | 137,851 |
| Miscellaneous expenses | 2,501 | — |
| | <u>10,404,993</u> | <u>5,821,182</u> |
| Excess of disbursements over receipts | 480,510 | 2,168,321 |
| Cash in banks, beginning of year | 4,283,435 | 6,451,756 |
| Cash in banks, end of year | <u>3,802,925</u> | <u>4,283,435</u> |

See accompanying notes and schedules to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Farmers' Balance by Plan as at March 31, 1981

| Ontario Stabilization Plans (note 3) | Balance April 1, 1980 | Fees (note 3) | Interest | Total | Share of Payments | Balance March 31, 1981 |
|---|-----------------------------|-------------------------|-----------------------|-------------------------|---------------------------|------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Corn | 1,424,948 | 81,102 | 179,950 | 261,052 | | 1,686,000 |
| Soybean | 217,581 | 35,001 | 29,394 | 64,395 | | 281,976 |
| White Bean | 100,886 | 15,288 | 7,800 | 23,088 | (47,204) | 76,770 |
| Winter Wheat | <u>397,242</u> | <u>45,055</u> | <u>51,928</u> | <u>96,983</u> | | <u>494,225</u> |
| | 2,140,657 | 176,446 | 269,072 | 445,518 | (47,204) | 2,538,971 |
| Weaner Pig (notes 3 and 4) | <u>—</u> | <u>4,363,661</u> | <u>6,676</u> | <u>4,370,337</u> | <u>(3,350,267)</u> | <u>1,020,070</u> |
| | <u><u>2,140,657</u></u> | <u><u>4,540,107</u></u> | <u><u>275,748</u></u> | <u><u>4,815,855</u></u> | <u><u>(3,397,471)</u></u> | <u><u>3,559,041</u></u> |

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Schedule of Government Subsidies for the year ended March 31, 1981

| | 1981 | 1980 |
|---|------------|-----------|
| | \$ | \$ |
| Ontario Corn Stabilization Plan, 1977: | | |
| Balance, beginning of year | 1,991,489 | 5,474,202 |
| Stabilization payments | 27,846 | 5,683,331 |
| Less: Farmers' share (1/3) withheld from payments | 9,282 | 1,894,444 |
| | 18,564 | 3,788,887 |
| Interest income | 197,170 | 306,174 |
| Forfeited fees and other credits | 8,864 | — |
| | 2,178,959 | 1,991,489 |
| Transferred to Ontario Weaner Pig Stabilization Plan, 1980-1985 | 2,174,510 | — |
| Balance, end of year | 4,449 | 1,991,489 |
| Ontario White Bean Stabilization Plan, 1978-1980: | | |
| Balance, beginning of year | 140,000 | — |
| Subsidy - Province of Ontario | — | 140,000 |
| Stabilization payments | 154,809 | — |
| Less: Farmers share (1/3) | 51,603 | — |
| | 103,206 | — |
| Balance, end of year | 36,794 | 140,000 |
| Ontario Weaner Pig Stabilization Plan, 1980-1985: | | |
| Subsidy - Province of Ontario | 4,700,000 | — |
| Transferred from Ontario Corn Stabilization Plan, 1977 | 2,174,510 | — |
| | 6,874,510 | — |
| Stabilization payments | 10,050,806 | — |
| Less: Farmers' share (1/3) | 3,350,267 | — |
| | 6,700,539 | — |
| Balance, end of year | 173,971 | — |

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIOSchedule of Administrative Expenses
for the year ended March 31, 1981

| | 1981 | 1980 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Salaries and wages | 62,400 | 64,200 |
| Employee benefits | 11,600 | 10,577 |
| Transportation and communication | 13,029 | 1,404 |
| Services | 67,581 | 50,022 |
| Supplies and equipment | <u>14,421</u> | <u>11,648</u> |
| | <u>169,031</u> | <u>137,851</u> |

See accompanying schedules and notes to financial statements.

FARM INCOME STABILIZATION COMMISSION OF ONTARIO

Notes to Financial Statements
March 31, 1981

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Commission uses essentially a cash basis of accounting except for the following modifications:

- i) for administrative expenses, an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended. In this regard, payments to employees for a pay period which overlaps the fiscal year end date are apportioned between the two years.
- ii) fees recorded in Schedule 1 include amounts due and unpaid as well as fees collected in cash.
- iii) interest is accrued on both outstanding fees receivable and the loan from the Treasurer of Ontario.

2. ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. Certain additional administrative expenses have been absorbed by The Crop Insurance Commission of Ontario.

3. FARM INCOME STABILIZATION PLANS

Farm income stabilization plans are established by regulations under The Farm Income Stabilization Act, 1976. These plans are designed to stabilize the income of Ontario Farmers in periods of low market prices. Stabilization support payments are limited to the difference between 90% and 95% of the five-year average market price as adjusted for changes in cash costs of production.

Fees are normally collected in advance except in the following two instances. For the September 1, 1977 to August 31, 1978 crop year of the Ontario Corn Stabilization Plan, 1977, due to tight time deadlines for enrollment, the required fees were deducted from the Commission's stabilization support payments. As further discussed in Note 4, fees were not collected in advance for the first production period (April 1 - September 30, 1980) for the Weaner Pig Stabilization Plan.

Fees are set at a level sufficient to cover approximately one-third of the stabilization support payments in accordance with the provisions of section 6(3) of The Farm Income Stabilization Act, 1976. The government of Ontario provides the other two-thirds.

The following voluntary plans were established during the period from inception of the Commission to March 31, 1981:

| | <u>Ontario Regulation</u> |
|--|-------------------------------|
| Ontario Corn Stabilization Plan, 1977 | 365/78 |
| Ontario Corn Stabilization Plan, 1978-1980 | 508/78 |
| Ontario Soybean Stabilization Plan, 1978-1980 | 509/78 |
| Ontario White Bean Stabilization Plan, 1978-1980 | 510/78 |
| Ontario Winter Wheat Stabilization Plan, 1979-1981 | 331/79 |
| Ontario Soybean Stabilization Plan, 1979-1981 | 479/79 |
| Ontario Corn Stabilization Plan, 1979-1981 | 480/79 |
| Ontario White Bean Stabilization Plan, 1979-1981 | 481/79 |
| Ontario Weaner Pig Stabilization Plan, 1980-1985 | 585/80 |

As indicated on schedule 2 a surplus accrued under the 1977 corn plan of \$2,174,510 which was transferred to the 1980-1985 weaner pig plan. There are outstanding claims of \$4,449 under the 1977 plan which will be paid during the forthcoming fiscal year.

The majority of applicants in the 1978-1980 plans have been transferred to the 1979-1981 plans. Enrollments under the Winter Wheat Plan, 1979-1981 and the 1979-1981 plans for soybean, corn and white bean are for 3 years terms ending June 30, 1982 and August 31, 1982 respectively. Enrollments under the weaner pig plan are for a term ending March 31, 1985. At the end of the term, moneys standing to the credit of farmers enrolled in these plans will be refunded together with any interest earned thereon.

4. WEANER PIG STABILIZATION PLAN, 1980-1985

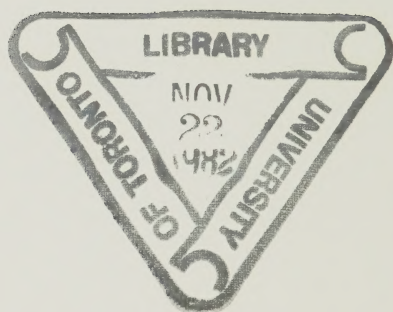
The government of Ontario developed this five year plan to help stabilize the incomes of many of the province's pork producers. The plan functions in the manner as discussed in Note 3, except for the first production period where stabilization payments were immediately required. In order to pay the producers the maximum amount possible under the regulations, farmers were required to pay only one-fifth of their one-third share of fees. The one-fifth portion was withheld from payments. The remaining four-fifth portion of the farmers fee was, in essence, an advance and has been recorded as an accounts receivable as the Commission will collect the advances back with interest at a later date.

5. LOAN FROM THE TREASURER OF ONTARIO

The Treasurer of Ontario provided a loan under section 11 of the Act to finance a portion of the stabilization payments under the Ontario Weaner Pig Stabilization Plan, 1980-1985. The maximum term of the loan is five years and the loan bears interest at current market rates which are determined periodically by the Treasurer of Ontario.

6. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the 1981 presentation.





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